

## **FISCAL NOTE**

### **SB 1749 - HB 1644**

March 28, 2007

**SUMMARY OF BILL:** Regulates the relationship between principal or general contractors and sole proprietors or partners relative to the requirements for carrying workers' compensation insurance on a sole proprietor or partner. Violations of the provisions of this bill are punishable as a Class D felony.

#### **ESTIMATED FISCAL IMPACT:**

**Increase State Revenues - \$500,000**

**Increase State Expenditures - \$179,350 Recurring**

**\$56,000 One-Time**

**\$4,350 Incarceration\***

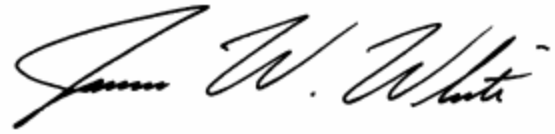
#### Assumptions:

- The Department of Labor and Workforce Development will be required to issue a certification of noncoverage to sole proprietors or partners who elect not carry worker's compensation insurance on themselves.
- Approximately 10,000 applications for certification of noncoverage will be issued on an annual basis.
- An increase in state revenues from the collection of fees for certification of noncoverage applications.
- A recurring increase in state expenditures for the salary, benefits and operational expenses for four positions to issue certifications of noncoverage.
- A one-time increase in state expenditures for office furnishings, computer equipment and computer programming.
- One person will be convicted of a Class D felony every three years with 0.6 years time served (219.15 days). The annualized time served per conviction is 72.32 days (0.33 number of annual convictions x 219.15 days served). According to the Department of Correction, the average operating cost per inmate per day for calendar year 2007 is \$60.16. The annualized cost per conviction is \$4,350.74 (0.33 x 219.15 x \$60.16).
- No significant incarceration cost increase will occur due to population growth in this period.

*\*Tennessee Code Annotated, Section 9-4-210, requires that: For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law. The amount appropriated from recurring revenues shall be based upon the highest cost of the next 10 years*

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director